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BOB L. OLSON (Nevada Bar No. 3783)
 ANNE M. LORADITCH (Nevada Bar No. 8164)
 BECKLEY SINGLETON, CHTD.
 530 Las Vegas Boulevard South
 Las Vegas, Nevada 89101
 Telephone: (702) 385-3373
 Facsimile: (702) 385-5024
 Email: bolson@beckleylaw.com
aloraditch@beckleylaw.com

*Attorneys for the Official Committee of Equity Security Holders of
 USA Capital Diversified Trust Deed Fund, LLC*

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

Chapter 11

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED
 FUND, LLC,
 Debtor.

Jointly Administered Under
 Case No. BK-S-06-10725-LBR

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

**BECKLEY SINGLETON,
 CHARTERED'S FINAL FEE
 APPLICATION
 (JUNE 9, 2006 – MARCH 12, 2007)**

In re:
 USA SECURITIES, LLC,
 Debtor.

Hearing Date: June 22, 2007
 Hearing Time: 9:30 a.m.
 Place: Courtroom #1

Affects:

- ☐ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Securities, LLC
- ☐ USA Capital Realty Advisors, LLC
- ☒ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA First Trust Deed Fund, LLC

1 Beckley Singleton, Chartered (“Beckley”), Nevada counsel to the Official Committee of
 2 Equity Security Holders of USA Capital Diversified Trust Deed Fund, LLC (the “DTDF
 3 Committee” for “DTDF”), hereby submits its final application for compensation for professional
 4 services and the reimbursement of expenses incurred (the “Application”).

5 By this Application, Beckley seeks an order of this Court: (1) allowing as final
 6 compensation to Beckley, for the fee period of approximately nine and one-half months from June
 7 9, 2006, through March 12, 2007 (the “Entire Fee Period”), professional fees in the amount of
 8 **\$458,344.87** and expenses incurred in the amount of **\$65,469.83** for a total compensation award in
 9 the amount of **\$523,814.70**; and (2) authorizing revested debtor USA Capital Diversified Trust Deed
 10 Fund, LLC (“Revested DTDF”) to pay such amounts upon entry of an order approving this
 11 Application. The fees sought represent over 1,675 hours of service rendered by Beckley
 12 professionals.¹

13 This Application is supported by the Declaration of Anne M. Loraditch (the “Loraditch
 14 Declaration”) and the Declaration of Robert Worthen (the “Worthen Declaration”), filed
 15 concurrently herewith and in support hereof, and the papers and pleadings on file with the Court in
 16 the above-captioned chapter 11 cases (the “Chapter 11 Cases”).

17 Wherever possible, in the interests of conserving resources and to avoid duplication of effort,
 18 this Application incorporates herein by this reference certain aspects of Orrick, Herrington &
 19 Sutcliffe LLP’s Final Fee Application (June 1, 2006 – March 12, 2007) (the “Orrick Application”)
 20 filed contemporaneously herewith. Orrick, Herrington & Sutcliffe LLP (“Orrick”) and Beckley
 21 worked diligently throughout the Entire Fee Period to divide the labor in the Chapter 11 Cases to
 22 conserve resources and avoid duplication of effort. However, certain details of the factual
 23 background and task categories are commonly applicable to Beckley and Orrick. Thus, the
 24 statements and descriptions in the factual background and task categories found in this Application
 25 are reflective of those particular facts applicable to Beckley and those tasks for which Beckley was
 26

27 ¹ In its reply pleading, if any, to be filed in June, Beckley may seek compensation for the time spent in April
 28 preparing this Application and for the time in June spent responding to any objection and appearing at the hearing on
 the Application.

1 responsible while working in conjunction with Orrick to represent the DTDF Committee's interests.
 2 In support of its Application, Beckley respectfully represents as follows:

3 **I.**

4 **INTRODUCTION / BACKGROUND**

5 1. On June 9, 2006, the DTDF Committee retained Beckley to serve as its Nevada
 6 counsel in the Chapter 11 Cases. Loraditch Declaration, ¶ 4.

7 2. On June 12, 2006, the DTDF Committee filed both its application to employ Beckley
 8 and a supporting verified statement/declaration of Bob L. Olson.² Loraditch Declaration, ¶ 5. On
 9 June 22, 2006, this Court entered an order approving the DTDF Committee's employment of
 10 Beckley as its Nevada counsel, *nunc pro tunc* as of June 9, 2006. [Docket No. 777].

11 3. Pursuant to the Interim Fee Procedures Order,³ Beckley served monthly fee
 12 statements for the months of June 2006 through February 2007, along with copies of its billing
 13 statements for such months, to the Debtors, the UST, the Direct Lenders Committee, the FTDF
 14 Committee and the Unsecured Creditors Committee (collectively, the "Reviewing Parties").
 15 Loraditch Declaration, ¶ 6.

16 4. Because Beckley knew that Diversified needed to conserve its cash immediately
 17 prior to and following the impending Effective Date, Beckley did not serve a monthly fee statement
 18 for the period from March 1 through March 12, 2007. Loraditch Declaration, ¶ 7.

19 5. On August 31, 2006, Beckley filed its first interim fee application [Docket No. 1218]
 20 (the "Interim Application") requesting allowance and payment of interim compensation for
 21 professional services rendered and for reimbursement of expenses incurred as Nevada counsel for
 22 the Committee for the period from June 9, 2006 through July 31, 2006 (the "First Fee Period").

23 6. A hearing on Beckley's Interim Application (and on the interim fee applications of
 24 numerous other professionals in these Chapter 11 Cases) was held on September 28, 2006, and this
 25

26 ² On October 5, 2006, Beckley filed a Supplemental Declaration of Bob L. Olson Regarding Employment of
 27 Beckley Singleton, Chtd [Docket 1450] [and a second Supplement to Declaration of Bob L. Olson Re Employment of
 Beckley Singleton, Chtd. [Docket 1466] on October 5, 2006. Loraditch Decl., ¶ 5.

28 ³ Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed in the Beckley
 Application or the precedent papers and pleadings on file with the Court in the Chapter 11 Cases.

1 Court's order approving the Interim Fee Application was entered on October 4, 2006 [Docket No.
2 1431] (the "Interim Order"). Pursuant to the Interim Order, Beckley was allowed interim fees and
3 expenses in the amount of **\$73,162.87** and **\$7,917.04**, respectively, for a total award of **\$81,079.91**.

4 7. The Court confirmed the Debtors' Third Amended Joint Chapter 11 Plan of
5 Reorganization in an order entered on January 8, 2007 [Docket No. 2376] (the "Confirmation
6 Order"), and the effective date of the Plan occurred on March 12, 2007 (the "Effective Date").
7 Since the first date of its existence, March 13, 2007, Beckley has represented Revested DTDF.

8 8. Pursuant to the Plan, the DTDF Committee disbanded on the Effective Date.
9 However, since March 13, 2007, Robert Worthen, the Chair of the DTDF Committee, has served as
10 the Chairman of the Board of Revested DTDF. Mr. Worthen has reviewed Beckley's billing
11 statements, has found Beckley's fees and costs to be reasonable and necessary, and has approved
12 Beckley's fees and costs for payment by DTDF, subject to Court approval of this Application.
13 Worthen Declaration, ¶¶ 3-4.

14 9. This final fee application recognizes that the Interim Order is just that, interim, and
15 that the amount of \$81,079.91 allowed thereunder is subject to reconsideration. Accordingly, this
16 Application covers the Entire Fee Period during which Beckley rendered professional services and
17 incurred costs on behalf of the DTDF Committee. Each of Beckley's monthly statements beginning
18 with June 2006 and ending February 2007 is attached as a separate exhibit to the Loraditch
19 declaration. Also attached is one statement for the period from March 1 through March 12, 2007.

20 II.

21 SUMMARY OF FEES AND EXPENSES

22 10. Summary of Fees/Costs/Payments. The chart attached hereto as **Exhibit A**
23 summarizes: (i) the fee and reimbursement amounts requested by Beckley in its billing statements
24 for the months of June 2006 through February 2007, net of Beckley's voluntary reductions totaling
25 \$884.31;⁴ (ii) the amounts not previously requested in any Monthly Application (for the period
26

27
28 ⁴ The Office of the United States Trustee (the "UST") was the only party who made any objections to the fee
and reimbursement amounts requested by Beckley in its billing statements for the months of June 2006 through
February 2007, which objections totaled \$579.51 in the aggregate. In response, Beckley voluntarily reduced its requests

1 from March 1 through March 12, 2007); (iii) the amounts paid to date; and (iv) the amounts
2 remaining unpaid.

3 11. Summary of Fees by Professionals/Hours/Months. The chart attached hereto as
4 **Exhibit B** lists each Beckley professional who billed time to the representation of the DTFD
5 Committee, the number of hours devoted per month by that professional and the total amount of
6 fees incurred by that professional's services during the Entire Fee Period.

7 12. The blended rate for Beckley attorneys during the Chapter 11 Cases was \$291.84 per
8 hour (\$432,744.87 divided by 1482.8 hours). The blended rate for all Beckley professionals and
9 paraprofessionals during the Application Period was \$272.27 per hour (\$458,344.87 divided by
10 1683.4 hours). Beckley believes that its blended hourly rates for this Application are reasonable in
11 light of the nature and complexity of the Chapter 11 Cases.

12 13. Summary of Hours by Task Codes/Months. The chart attached hereto as **Exhibit C**
13 summarizes the number of hours per month devoted by Beckley professionals to the various task
14 code categories. It also reflects the total number of hours devoted to each task code during the
15 Chapter 11 Cases.

16 14. Summary of Fees/Costs by Task Codes/Months. The chart attached hereto as
17 **Exhibit D** summarizes the amount of fees per month devoted by Beckley professionals to the
18 various task code categories. It also reflects the total amount of fees devoted to each task code
19 during the Chapter 11 Cases.

20 15. Beckley's time spent in preparing the Interim Application and the various monthly
21 fee statements during the Entire Fee Period amounted to \$30,310.00. Beckley estimates that its time
22 spent on this final fee application amounted to \$5,000.00. The latter is not included in the statement
23 for March 1 through March 12, 2007, because it was spent in April.

24 16. The fees for the professional services detailed in this Application were computed at
25 Beckley's standard hourly rates for similar services. Beckley believes such rates are reasonable and
26 are within the standard hourly rates charged by other professionals on matters of the types involved
27

28 for payment by such amounts and further reduced its requests in this Application by an additional \$264.80 for a total
voluntary reduction of \$884.31.

in these Cases. The current hourly rates⁵ for the primary personnel who worked on these Cases are as follows:

PERSONNEL	INITIALS	HOURLY RATE
SHAREHOLDERS		
Scott MacTaggart, Esq.	SYM	\$425.00
Dan R. Waite, Esq.	DRW	\$425.00
Brett A. Axelrod, Esq.	BAA	\$400.00
Bob L. Olson, Esq.	BLO	\$400.00
Michael Feder, Esq.	MNF	\$350.00
ASSOCIATES		
Bryan Murray, Esq.	BXM	\$300.00
Joel Henriod, Esq.	JRH	\$300.00
Anne M. Loraditch, Esq.	AML	\$275.00
Micaela Rustia, Esq.	MR	\$200.00
LAW CLERKS/PARAPROFESSIONALS		
Patricia M. Kois, Certified Paralegal	PMK	\$150.00

17. On the basis of the time expended, the nature, extent and value of the services provided, and the costs of comparable services in matters other than a case under the Bankruptcy Code, Beckley respectfully submits that the compensation that it is seeking in this Application is reasonable.

III.

SERVICES RENDERED

18. Beckley has acted as Nevada counsel in concert with Orrick, lead counsel for the Committee in the Chapter 11 Cases. Both firms have diligently endeavored to avoid duplication of efforts, and the Court is respectfully referred to the detailed category summaries set forth in the Orrick Application for a complete description of the type of work performed by task code category. The following summarizes, by billing category, the services Beckley rendered during the Entire Fee Period, commencing on June 9, 2006, and ending on the Effective Date, March 12, 2007. Because Beckley professionals account for their time in great detail, the lengthy descriptions authored by the

⁵ The rates shown are effective as of January 1, 2007. The rates in effect prior to that date are reflected in Beckley's monthly fee statements for June 2006 through December 2006.

Beckley professionals, contained in Beckley's invoices attached to the Loraditch Declaration provide the greatest amount of detail and should be considered as the best source documents for the actual services rendered.

19. Beckley reiterates and incorporates herein by this reference the summary statements set forth in the Orrick Application regarding the difficult and complex nature of the Chapter 11 Cases in general and for the DTDF Committee and its professionals in particular. See Orrick Application, ¶¶ 21-26.

20. The services rendered by Beckley as Nevada counsel for the DTDF Committee included, among other tasks, the following:

Creditor/Equity Communications, Matter 1002 (30.6 Hours -- \$8,144.50).

This category included services rendered in connection with responding to general telephone inquiries and correspondence from DTDF members reporting on various case events, the status of the DTDF's loan portfolio, the potential for recovery on DTDF's investments, the timing for distributions in the case, if any, and other related matters.

Financing/Use Of Cash Collateral, Matter 1003 (33.9 Hours -- \$10,298.50).

This category included services rendered in connection with analyzing and advising the DTDF Committee on DTDF's proposed debtor in possession financing as well as the related motions those in connection with proposed cash management procedures in the Chapter 11 Cases. Beckley's services in this category also included responding to and preparing for the argument at the hearings on such motions to ensure the interests of the DTDF Committee and its constituency were not negatively impacted. Orrick requested Beckley take the lead on the matters in this task category due to Orrick's prior representation of the prospective debtor in possession lender on other matters unrelated to the Chapter 11 Cases, as previously disclosed to the Court by Orrick in declarations filed by Orrick on behalf on Marc Levinson.

Employment And Compensation (Beckley Singleton), Matter 1004 (115.60

Hours -- \$30,310.00). This category includes services rendered early on in the Chapter 11 Cases in connection with performing and carefully analyzing searches for conflicts of

1 interest for any impact on Beckley's employment, preparing Beckley's application and
 2 related pleadings for employment as the DTDF Committee's Nevada counsel, requesting
 3 such employment on a *nunc pro tunc* basis as of June 9, 2006, which was granted by the
 4 Court. Beckley also prepared, filed and served the necessary pleadings to secure a
 5 hearing on such application on shortened time and prepared, lodged and served (once
 6 entered by the Court), the order approving the DTDF Committee's application to employ
 7 Beckley.

8 The remainder of the time in this category was devoted to services rendered in
 9 connection with preparing required, ongoing disclosures, such as Beckley's monthly fee
 10 statements, and circulating those statements to the Reviewing Parties, as well as resolving
 11 any objections made thereto by the UST, and Beckley's preliminary preparation of its
 12 Interim Application. The hours Beckley expended in this category during the First Fee
 13 Period laid the foundation for the preparation of subsequent monthly fee statements and
 14 interim fee applications going forward in this case. The Ninth Circuit Court of Appeals
 15 has expressly held that fees and costs incurred in the preparation of fee applications are
 16 compensable. In re Nucorp Energy, 764 Fed.2d 655 (9th Cir. 1985) (fee awarded should
 17 include reasonable compensation for preparation and presentation of fee application).

18 **Employment And Compensation (Other Professionals), Matter 1005** (104.90
 19 Hours -- \$26,247.00). In addition to the description of Category B170 set forth in the
 20 Orrick Application, incorporated herein by this reference, this category includes a wide
 21 range of services that Beckley rendered (though not duplicative of Orrick's services) in
 22 connection with preparing and analyzing employment applications for Orrick and FTI
 23 Consulting, Inc., proposed and ultimately employed as the DTDF Committee's financial
 24 advisors, as well as interacting with the other estate professionals in the Chapter 11 cases
 25 and reviewing and analyzing pleadings related to professional compensation applications.

26 Specifically, Beckley revised, finalized, filed and served the DTDF Committee's
 27 applications to employ, on a *nunc pro tunc* basis as of June 1, 2006, (i) Orrick, as the
 28 Committee's chief counsel, which the Court granted; and (ii) FTI, as the DTDF

Committee's financial advisors; which the Court also granted; and prepared, filed and served the necessary pleadings to secure a hearing on such applications on shortened time. Beckley prepared, lodged and served (once entered by the Court), the orders approving the Committee's applications to employ Orrick and FTI.

In addition, time spent in this category included services Beckley rendered in reviewing, analyzing and advising the DTDF Committee and Orrick, and coordinating the response to the applications filed by DTDF and the other debtors in the Chapter 11 Cases (i) for an administrative order setting procedures for allowing monthly interim compensation to professionals, and (ii) to employ David Huston as Special Conflicts Counsel. Also included are services rendered in reviewing, analyzing and advising the Committee and Orrick with respect to the applications by other Investor Committees to employ their own professionals. The Ninth Circuit Court of Appeals has expressly held that fees and costs incurred in the preparation of fee applications are compensable. In re Nucorp Energy, 764 Fed.2d 655 (9th Cir. 1985) (fee awarded should include reasonable compensation for preparation and presentation of fee application).

Financial Filings, Matter 1006 (11.40 Hours -- \$3,501.00). This category is comprised of services Beckley rendered in connection with Beckley's analysis, advice and counsel to the DTDF Committee, Orrick and FTI with respect to the bankruptcy schedules and statements and monthly operating reports filed by DTDF and other debtors in the Chapter 11 Cases.⁶

Epic Loan, Matter 1007 (4.50 Hours -- \$1,012.50). This category is comprised of services Beckley rendered in connection with Beckley's analysis, advice and counsel to the DTDF Committee, Orrick and FTI with respect to the Epic loan, the second largest loan in the DTDF's loan portfolio. The nature of the tasks encompassed in this category is more fully described in Category B504 of the Orrick Application, which is

⁶ It should be noted that some entries in this category, totaling 4.3 hours and \$1,569.50 in fees, reflect services rendered in connection with Debtors' proposed debtor in possession financing and agreement with Investment Partners regarding the collateralization of the \$55 million note on the books of USA Commercial Mortgage. These entries should have been included in the Financing/Use of Cash task category under matter no. 1003.

1 incorporated for all purposes herein by this reference. See Orrick Application, p. 19.
 2 Although Beckley and Orrick worked together with FTI to properly advise the DTDF
 3 Committee, the DTDF Committee's professionals diligently endeavored to divide
 4 assignments so as to avoid duplication of effort while still maintaining an appropriate
 5 level of context on the matter.

6 **10-90, Inc. Loan, Matter 1008** (44.90 Hours -- \$13,349.00). This category is
 7 comprised of services Beckley rendered in connection with Beckley's analysis, advice
 8 and counsel to the DTDF Committee, Orrick and FTI with respect to the 10-90, Inc. loan
 9 (the "10-90 Loan"), by far the largest loan in the DTDF's loan portfolio. The nature of
 10 the tasks encompassed in this category is more fully described in Category B505 of the
 11 Orrick Application, which is incorporated for all purposes herein by this reference. See
 12 Orrick Application, p. 20. Although Beckley and Orrick worked together with FTI to
 13 properly advise the DTDF Committee, the DTDF Committee's professionals diligently
 14 endeavored to divide assignments so as to avoid duplication of effort while still
 15 maintaining an appropriate level of context on the matter.

16 **Business Operations, Matter 1009** (3.30 Hours -- \$825.00). This category is
 17 comprised of services rendered in connection with Beckley's analysis, advice and counsel
 18 to the DTDF Committee, Orrick and FTI with respect to the motion and related pleadings
 19 for approval of a retention plan for USACM's employees and included preparation and
 20 attendance at the hearings on those pleadings, which were ultimately approved by the
 21 Court.

22 **Asset Disposition & Sales, Matter 1010** (61.9 Hours -- \$18,394.50). In addition
 23 to the types of tasks described in the Category B120 and Category B130 of the Orrick
 24 Application, this category includes services rendered in connection with reviewing and
 25 analyzing the reports detailing DTDF's loan portfolio as compiled and disseminated by
 26 the DTDF, and as also constructed by FTI. Although Beckley and Orrick worked
 27 together with FTI to properly advise the DTDF Committee, the DTDF Committee's
 28 professionals diligently endeavored to divide assignments so as to avoid duplication of

1 effort while still maintaining an appropriate level of context on the matter. Also included
 2 in this category are services rendered in connection with Beckley's analysis, advice and
 3 counsel to the DTDF Committee, Orrick and FTI regarding potential causes of action that
 4 the Estate may have against other parties. Beckley frequently conferred with the DTDF
 5 Committee's members, Orrick, FTI, counsel for DTDF, counsel for the other Investor
 6 Committees and other parties in interest regarding the DTDF's potential recovery on its
 7 assets. Further, Beckley rendered services in this category that included the exploration
 8 of negotiations with prospective purchasers of DTDF's loan portfolio or portions thereof.

9 **Case Administration, Matter 1011** (142.30 Hours -- \$26,103.50). This category
 10 includes services rendered in connection with monitoring the status of the numerous
 11 administrative issues encountered in the Chapter 11 Cases, such as communications
 12 between Beckley and the DTDF Committee professionals, counsel representing other
 13 parties in interest regarding the status of the Chapter 11 Cases, the maintenance of service
 14 lists and other administrative information and files, ensuring DTDF's compliance with
 15 the various reporting requirements imposed by the Court and the UST, as well as
 16 numerous tasks which do not clearly fit into one of the other activity categories. Much of
 17 Beckley's services in this category included Beckley's analysis, advice and counsel to the
 18 DTDF Committee, Orrick and FTI to ensure that the DTDF Committee's interests were
 19 served and that DTDF Committee and its professionals met their obligations to the Court
 20 under the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and this Court's
 21 Local Bankruptcy Rules.

22 **Tree Moss Partners, LLC, and USA Investors VI, LLC, Matter 1012** (52.30
 23 Hours -- \$16,587.50). This category includes services rendered in connection with
 24 Beckley's analysis, advice and counsel to the DTDF Committee, Orrick and FTI
 25 regarding the involuntary chapter 7 bankruptcy cases initiated by DTDF as petitioning
 26 creditor against Tree Moss Partners, LLC, and USA Investors VI, LLC.

27 **Stay Litigation, Matter 1013** (4.0 Hours -- \$1,145.00). This category includes
 28 services rendered in connection with Beckley's analysis, and advice and counsel to the

DTDF Committee and its professionals regarding the various motions seeking relief from the automatic stay in the Chapter 11 Cases including the drafting, filing and service of responsive pleadings, as necessary, and the preparation for and attendance at hearings on such motions.

Bankruptcy Litigation, Matter 1014 (256.20 HOURS -- \$68,461.00).

Generally, this category includes services rendered in connection with Beckley's analysis, advice and counsel to the DTDF Committee, Orrick and FTI, as well as consultations with opposing counsel with respect to the various pleadings filed by DTDF and other debtors in the Chapter 11 Cases. Specifically, the nature of the tasks encompassed in this category is more fully described in Category B503 and in the description of the Royal Hotel and HMA Adversary set forth in the Orrick Application, which is incorporated for all purposes herein by this reference. See Orrick Application, pp. 18-19, 21-22. Although Beckley and Orrick worked together with FTI to properly advise the DTDF Committee, the DTDF Committee's professionals diligently endeavored to divide assignments so as to avoid duplication of effort while still maintaining an appropriate level of context on the matter. Beckley's services also included the review, drafting, revisions and finalization, filing and service of responsive pleadings, as well as the preparation for and attendance at the hearings on such matters, and the review and revision of various orders prepared and circulated by the professionals in the Chapter 11 Cases. Beckley's efforts in this matter ensured the protection of the DTDF Committee's interests and compliance with local customs and practice of the bankruptcy bar in this jurisdiction.

Claims Administration, Matter 1015 (153.0 HOURS -- \$35,646.00). The

nature of the tasks encompassed in this category is more fully described in the Category B310 of the Orrick Application, which is incorporated for all purposes herein by this reference, but does not include those services Beckley rendered in connection with the proof of claim filed by Prospect High Income Fund (described below). See Orrick Application, pp. 15-16. Although Beckley and Orrick worked together with FTI to

1 properly advise the DTDF Committee, the DTDF Committee's professionals diligently
2 endeavored to divide assignments so as to avoid duplication of effort while still
3 maintaining an appropriate level of context on the matter.

4 Orrick assigned Beckley the primary lead on the assignments in this category.
5 The bulk of Beckley's services were in connection with analyzing and objecting to 137
6 claims erroneously filed against DTDF by DTDF members, which claims totaled over
7 \$23 million in the aggregate. The Court sustained the DTDF Committee's objections and
8 disallowed the claims in February 2006.

9 Included in the erroneously filed claims objected to by Beckley on behalf of the
10 DTDF Committee was the proof of claim filed by DTDF Committee member Jerry
11 McGimsey and his family members (collectively, the "McGimsey Claimants"). The
12 McGimsey Claimants alleged that DTDF defrauded the claimant/members and that
13 therefore the McGimsey Claimants should have fraud claims against, rather than equity
14 interests in, DTDF. Beckley worked with Orrick in opposing such claims, which this
15 Court disallowed in February 2006. The McGimsey Claimants have since taken an
16 appeal, and Beckley will handle the primary responsibility for briefing and oral argument
17 in the matter before the Ninth Circuit Court of Appeals Bankruptcy Appellate Panel (the
18 "BAP"). The McGimsey Claimants' opening brief is due to be filed April 30, 2007, and
19 Revested DTDF's opening brief is due to be filed 15 days after the McGimsey Claimants'
20 brief is served.

21 **Committee Communications, Matter 1016** (90.4 Hours -- \$25,469.50). This
22 category includes services more fully described in Category B153 of the Orrick
23 Application, which is incorporated for all purposes herein by this reference. See Orrick
24 Application, pp. 12-13. Although Beckley and Orrick worked together with FTI to
25 properly advise the DTDF Committee, the DTDF Committee's professionals diligently
26 endeavored to divide assignments so as to avoid duplication of effort while still
27 maintaining an appropriate level of context on the matter.

1 **Asset Analysis and Recovery, Matter 1017** (57.30 Hours -- \$15,644.00). In
 2 addition to the types of tasks described in the Category B120 and Category B130 of the
 3 Orrick Application, this category also includes services Beckley rendered in connection
 4 with the review and analysis of reports disseminated by the DTDF and FTI with respect
 5 to DTDF's loan portfolio, including collateralization and collection efforts.

6 **Disclosure Statement And Plan, Matter 1018** (201.40 Hours -- \$59,009.00).
 7 This category includes services more fully described in Category B320 of the Orrick
 8 Application, which is incorporated for all purposes herein by this reference. See Orrick
 9 Application, pp. 16-17. Although Beckley and Orrick worked together with FTI to
 10 properly advise the DTDF Committee, the DTDF Committee's professionals diligently
 11 endeavored to divide assignments so as to avoid duplication of effort while still
 12 maintaining an appropriate level of context on the matter. The bulk of the services
 13 rendered in this category were in connection with Beckley's analysis, advice and counsel
 14 to the DTDF Committee and its professionals, and consultations with representatives of
 15 numerous prospective plan proponents as to their proposed terms for DTDF's
 16 reorganization and/or liquidation.

17 **Plan Implementation, Matter 1019** (78.60 Hours -- \$26,356.50). This category
 18 includes services more fully described in Category B330 of the Orrick Application,
 19 which is incorporated for all purposes herein by this reference. See Orrick Application,
 20 pp. 16-17. Although Beckley and Orrick worked together with FTI to properly advise the
 21 DTDF Committee, the DTDF Committee's professionals diligently endeavored to divide
 22 assignments so as to avoid duplication of effort while still maintaining an appropriate
 23 level of context on the matter. The services rendered in this category were in connection
 24 with Beckley's analysis, advice and counsel to the DTDF Committee, Orrick, and FTI
 25 regarding Revested DTDF's operations post-Effective Date and readying Revested
 26 DTDF for a smooth exit from the bankruptcy process. Specifically, these services
 27 included, among other things, Beckley's analysis, advice and counsel to ensure Revested
 28

DTDF's corporate governance documents are in compliance with Nevada law and that all requisite steps under Nevada law were taken to transition from DTDF to Revested DTDF.

Prospect High Income Fund Claim, Matter 1020 (263.60 Hours -- \$12,270.00).

This category primarily relates to services rendered in connection with Beckley's analysis, advice and counsel to the DTDF Committee and Orrick, and consultations with opposing counsel with respect to the proof of claim filed against the Debtor's estate in the amount of \$20,000,000.00 (the "Prospect Claim"). Orrick assigned Beckley the lead in this matter. Beckley rendered services to the DTDF Committee by successfully objecting to the Prospect Claim, which resulted in the Court's disallowance of such Claim. Beckley also provided services in connection with maintaining such favorable ruling in preparing the necessary pleadings to defend such ruling on appeal by Prospect High Income Fund, et. al., to the BAP. Bob Olson of Beckley will argue before the BAP on May 17, 2007, on behalf of Revested DTDF in support of this Court's disallowance of the Prospect Claim.⁷

IV.

SUMMARY OF EXPENSES

21. The total amount of expenses requested by Beckley in performing necessary services for the DTDF Committee during the Chapter 11 Cases is \$65,469.83, which amount breaks down on a monthly as described in Exhibit A hereto and in detail as described in Exhibit 1 to the Loraditch Declaration.

22. As Nevada counsel to the DTDF Committee, Beckley took on the responsibility and expense of serving the pleadings filed on behalf of the DTDF Committee, with few exceptions, including providing courtesy copies to the Court.

23. Beckley generally handles regular and routine photocopying and scanning in-house. It is seeking reimbursement of \$.25 per page. Beckley's copy machines automatically record the number of pages made when the person that is photocopying enters the client's account number into

⁷ In its reply pleading, if any, to be filed in June, Beckley may seek compensation for the time spent in April preparing this Application and for the time in June spent responding to any objection and appearing at the hearing on the Application.

1 a device attached to the copy machine. Whenever feasible, Beckley sends large copying projects to
2 outside copy services that charge bulk rates for photocopying. In such instances, Beckley charges
3 clients the same amount that Beckley pays the outside service.

4 24. Beckley normally charges its clients \$1.00 per page for each outgoing facsimile
5 transmission. Beckley does not charge its clients for incoming faxes. However, the use of faxes
6 has been relatively small in light of the extremely heavy use of email.

7 25. Beckley bills directly to its clients the cost of transmitting mail. Postage is logged
8 and billed through a computer system. Beckley calculates postage costs at a rate set by the postal
9 service for the weight and class of a given mailing. For large mailings, Beckley occasionally uses
10 an outside mailing house, whose charges are passed on directly to its clients without surcharge of
11 markup. Beckley also seeks reimbursement for overnight package charges, such as Federal
12 Express, messenger delivery charges without surcharge or markup.

13 V.

14 COMPLIANCE WITH UNITED STATES TRUSTEE GUIDELINES

15 26. Beckley believes that every professional employed on behalf of a debtor in a chapter
16 11 case has a responsibility to control fees and expenses by providing services in an efficient and
17 effective manner. To this end, Beckley diligently works to coordinate and facilitate the efficient
18 prosecution of the matters for which it is employed. Staffing of matters within the case is done with
19 the objective of providing the level of representation appropriate to the significance, complexity, or
20 difficulty of the particular matter. Due to the sensitive nature and complexity of these Chapter 11
21 Cases, it is not always possible to delegate authority to persons with lower billing rates. However,
22 given the Court's repeated concerns on the issue, Beckley has taken great care and made every
23 effort to avoid unnecessary duplication of effort on any task. On certain occasions, when more than
24 one attorney attended a meeting or hearing, the attendance was necessary to adequately represent
25 the interests of the DTDF Committee and provide the context from which appropriate advice and
26 counsel could be given.

27 27. Beckley reviews all client billings for reasonableness and makes adjustments so that
28 the charges are consistent with the value of the services provided. Beckley charges hourly rates that

are similar to, if not lower than, those rates charged by comparable law firms for similar legal services. See, e.g., In re Ginji Corp., 117 B.R. 983, 990 (Bankr. D. Nev. 1990). Beckley's blended hourly rate, not including paraprofessionals (requested attorney compensation divided by number of attorney hours worked), for the Entire Fee Period was \$291.84. Beckley's blended hourly rate, including paraprofessionals (total requested compensation divided by total number of hours worked), during the Entire Fee Period was \$272.27.

28. Beckley believes and respectfully submits that the fees and expenses sought in this Application are appropriate and were reasonable and necessary in light of the nature and complexity of the Chapter 11 Cases and the scope and difficulty of the business and legal issues involved.

IV.

CONCLUSION

In sum, Beckley has rendered valuable services to the DTDF Committee and now respectfully requests that the Court enter an order (i) awarding Beckley fees in the sum of \$458,344.87, and the reimbursement of expenses incurred in the amount of \$65,469.83, for a total award of \$523,814.70; and (ii) authorizing Revested DTDF to pay the remaining unpaid amount of \$176,993.45 upon entry of such order.

DATED this 26th day of April 2007.

BECKLEY SINGLETON, CHTD.

By: /s/Anne M. Loraditch

BOB L. OLSON, ESQ.

Nevada Bar No. 3783

ANNE M. LORADITCH, ESQ.

Nevada Bar No. 8164

530 Las Vegas Boulevard South

Las Vegas, Nevada 89101

Telephone: (702) 385-3373

*Attorneys for the Official Committee of
Equity Security Holders of USA Capital
Diversified Trust Deed Fund, LLC*